

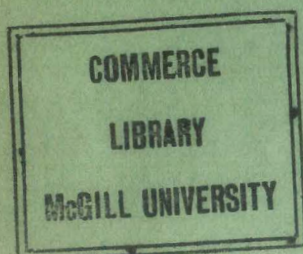
ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY SYSTEM

FOR THE YEAR ENDED 31st. DECEMBER, 1939

McGill University
School of Commerce
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PRINTED IN CANADA

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CANADIAN NATIONAL RAILWAYS

Montreal, 19th. March, 1940.

The Honourable C. D. Howe,
Minister of Transport,
Ottawa.

Sir,

In conformity with sections 14 and 15 of *The Canadian National—Canadian Pacific Act, 1936*, the Board of Directors submit the following report of the operations of the Canadian National Railways for the calendar year 1939.

RESULT OF OPERATIONS

	1939	1938	Increase or Decrease
Operating Revenues.....	\$203,820,186.62	\$182,241,722.93	\$21,578,463.69
Operating Expenses.....	182,965,768.18	176,175,311.78	6,790,456.40
Net Operating Revenue.....	\$ 20,854,418.44	\$ 6,066,411.15	\$14,788,007.29
Net of Other Income and Profit and Loss Requirements....	10,219,395.11	9,615,459.68	603,935.43
Net available for Interest.....	\$ 10,635,023.33	\$ 3,549,048.53	\$14,184,071.86
Interest on Funded Debt held by Public.....	49,814,377.90	49,839,022.58	24,644.68
Interest on Government Loans.....	916,165.01	926,124.86	9,959.85
Cash Deficit.....	\$ 40,095,519.58	\$ 54,314,195.97	\$14,218,676.39

Operating Revenues

Operating revenues totalled \$203,820,187, an increase of \$21,578,464, or 11.84%, over the preceding year. The total for the year was the highest of any year since 1930. It would be a mistake to attribute all of the increase in traffic to the war: the increase was progressive throughout the year. In the first quarter the total revenue was about equal to that of 1938, after which the quarterly increases were 11.9%, 14.7% and 18.6%. The increase on the lines of the Company in the United States was 19.9% and on the lines in Canada 10.5%.

Revenue from the transportation of freight increased \$20,485,407, or 14.6%. A statement of the tonnage handled, by commodities, appears on pages 24 and 25 of this report. Grain tonnage increased 1,437,554 tons, the 1939 wheat crop being larger than any previous crop except that of 1928. Substantial increases were also reflected in anthracite and bituminous coal, lumber, iron and steel, motor vehicles and parts, and other manufactured commodities.

Passenger revenue decreased 1.5%. Mail revenue increased 1.4%. Express revenue increased 13.4%. Commercial Telegraph revenue decreased 3.8%.

Operating Expenses

Operating expenses totalled \$182,965,768, an increase of \$6,790,456, or 3.85%. This is a moderate increase when viewed in relation to the increase in operating revenues of \$21,578,464. The operating ratio was 89.77%, the best since 1929. Most of the increase was in maintenance and transportation expenses, and was necessitated by the increase in traffic. Expenditures for maintenance of property and equipment increased \$3,724,000, or 4.93%, while transportation expenses increased \$2,679,000, or 3.11%. The property and equipment have been adequately maintained. The ratio of transportation expenses to revenues was the most favourable since 1929. This operating result was attained notwithstanding an additional snow removal expense of \$357,000, a larger provision for equipment retirements of \$583,000, an increase in the pension roll of \$222,000, wage adjustments costing \$622,000, and the cost of protective services necessitated by the war amounting to \$433,000.

Other Income and Profit and Loss Requirements

The accounts in this group increased \$603,935 over 1938. The increase was due to the larger provision made in the accounts for the retirement of miscellaneous structures, sidings, etc., which have been retired from service and not replaced.

Taxes amounted to \$7,095,147 compared with \$6,946,873 in 1938. These figures are exclusive of sales tax added to the cost of material, which amounted to \$3,171,500 in 1939.

The revenues from hotel operations increased \$186,629 over 1938, and after meeting operating expenses and taxes the net operating income was \$302,363, an increase of \$76,350 over 1938.

Interest Charges

The total requirements for interest on funded debt held by the public in 1939 were \$49,814,377, being \$24,645 less than in 1938.

Interest payments to the Government on temporary loans for capital purposes were \$916,165, being \$9,959 less than in 1938.

It is of interest to note that from 1932, when the present practice was adopted of financing capital requirements by issue of railway securities to the public, the capital debt of the railway (including temporary Government loans) has been increased by \$32.3 millions, an average increase during the eight year period of \$4 millions per annum. In this period the railway has made new public issues aggregating \$319 millions but has retired other public issues aggregating \$332 millions. As the result of this refinancing, which has been at lower interest rates, the fixed charges of the railway, 1939 compared with 1931, after providing for interest on the additional capital of \$32.3 millions, show a decrease of \$5,643,000.

Cash Deficit

The net operating revenue for the year 1939 was \$20,854,418, an improvement over the preceding year of \$14,788,007. After payment of all fixed and other charges (excepting charges to Proprietor's Equity under the provisions of *The Canadian National Railways Capital Revision Act, 1937*) the deficit for the year was \$40,095,519, an improvement of \$14,218,676 compared with 1938. Full details are given in the accounting statements accompanying this report.

CAPITAL EXPENDITURE ACCOUNT

The net expenditures on property investment account for the year 1939 amounted to \$9,863,847, made up as follows:

Rolling stock purchased or built.....	\$9,416,948
Rolling stock retired.....	8,471,262
Betterments to freight and passenger equipment.....	671,381
Air-conditioning passenger cars.....	445,100
Vancouver Hotel.....	1,629,042
Senneterre—Rouyn Branch Line.....	325,451
Montreal Terminal Development.....	2,174,590
General additions and betterments, less retirements.....	3,672,597
	\$9,863,847

The following rolling stock was purchased or built during the year: 1,950 box cars, 40 refrigerator cars (part of an order for 100), 25 cabooses, 50 box-baggage cars, 9 buffet-sleeping cars, 5 mail-express cars, 10 baggage cars, 11 snow plows and 8 work units.

To meet anticipated war requirements additional orders were placed for 2,765 box cars, 500 flat cars and 25 Northern type locomotives. This equipment will be delivered and accounted for in 1940.

The following rolling stock was retired during the year: 60 locomotives, 5,044 freight train cars, 27 passenger train cars and 477 work units. The loss has been accounted for as an expense of operation.

The programme of air-conditioning passenger train cars was continued. All principal main line trains are now air-conditioned. The Vancouver Hotel and the Senneterre-Rouyn branch line were completed during the year.

FINANCE

Retirement of Obligations

The following securities matured and were retired during 1939:

\$ 9,874,062.00	4% Grand Trunk Pacific Branch Lines Company First Mortgage Bonds due January 22, 1939.
8,029,999.99	4% Canadian Northern Railway Company First Mortgage Debenture Stock due January 23, 1939.
2,430,000.00	4% Grand Trunk Pacific Branch Lines Company First Mortgage Bonds due February 25, 1939.
5,586,665.64	4% Canadian Northern Railway Company First Mortgage Debenture Stock due February 25, 1939.
7,004,997.27	4% Duluth, Winnipeg & Pacific Railway Company First Mortgage Debenture Stock, due June 1, 1939.
3,000,000.00	4% Canadian Northern Railway Company Winnipeg Terminals Bonds due July 1, 1939.
<u>\$35,925,724.90</u>	

Provision was made for the retirement of other capital obligations, including sinking fund and equipment principal payments, amounting to \$8,162,745.72.

The retirement of these obligations was financed through temporary loans from the Government and the new issue referred to below.

New Issues

An issue of Canadian National Railway Company Dominion Guaranteed Bonds was made, dated January 15, 1939. The proceeds therefrom were used to retire matured obligations and temporary loans from the Government. The issue comprised:—

\$15,000,000	2½% Seven Year Bonds, sold at 98.625, at an annual cost of 2.47%.
\$35,000,000	3% Twenty Year Bonds, sold at 96.50, at an annual cost of 3.24%.

An issue of \$6,500,000 Canadian National Railways 2½% Equipment Trust Certificates, Series "Q", 1939, was made, dated July 1, 1939, to provide for the payment of part of the purchase of new equipment costing over \$8,700,000. The certificates, which mature serially in ten annual instalments, were sold at an average of 100.428, the annual cost being 2.46%.

GENERAL

Trans-Canada Air Lines

During the year additional calls aggregating 11%, or \$550,000, on the capital stock (\$5,000,000) of Trans-Canada Air Lines were met by the Canadian National Railway Company. To December 31, 1939, the amount subscribed was \$3,750,000.

Co-operation

During the year approval was obtained from the Board of Transport Commissioners to the abandonment, in co-operation with the Canadian Pacific Railway, of the Canadian National line between Middleton and Bridgetown in Nova Scotia, and the Canadian Pacific line between Linwood and Listowel in Ontario.

Additional applications were made to the Board of Transport Commissioners requesting permission to abandon operation of the following railway lines in co-operation with the Canadian Pacific Railway, and decisions of the Board are pending in each case:

From	To	Province	Railway	Mileage
Joliette	Montfort Junction . .	Quebec	Can. Nat.	31.6
Carbo	Cushing Junction . .	Quebec	Can. Nat.	24.6
Arnprior	Eganville	Ontario	Can. Nat.	37.9
Portage la Prairie . .	Delta	Manitoba	Can. Nat.	14.5
Oakland	Cawdor	Manitoba	Can. Nat.	11.6
Muir	Gladstone	Manitoba	Can. Nat.	10.3
McGregor	Varcoe	Manitoba	Can. Pac.	54.4
Hallboro	Beulah	Manitoba	Can. Nat.	75.2
Hamiota	Miniota	Manitoba	Can. Pac.	19.8
Louise	Deloraine	Manitoba	Can. Nat.	56.7
Reston	Wolseley	Man.-Sask.	Can. Pac.	122.4
Alix	Nevis	Alberta	Can. Nat.	9.5
Irricana	Beiseker	Alberta	Can. Nat.	10.0
Langdon	Irricana	Alberta	Can. Pac.	22.6
				<u>501.1</u>

In co-operation with the Northern Alberta Railways, application was made to the Board of Transport Commissioners requesting permission to abandon operation of the following lines:

From	To	Province	Railway	Mileage
Trelle	Morinville	Alberta	Can. Nat.	12.2
Carbondale	Egremont	Alberta	Nor. Alta.	29.8

Vancouver Hotel

Joint operation of the new "Hotel Vancouver" commenced on May 25, 1939. Unfortunately the tourist season for 1939 was cut short by the outbreak of the war and the business of the hotel was affected accordingly. Notwithstanding, there was a surplus from operations of \$21,978 to be paid as rental to the Canadian National Railway Company and divided with the Canadian Pacific Railway Company as provided in the joint operating agreement.

Line Abandonments

In continuation of the policy of abandonment of unprofitable light traffic branch lines, applications have been made to the Board of Transport Commissioners for authority to abandon the following:

From	To	Province	Mileage
Hawkesbury	Hurdman	Ontario	55.28
Bridgetown	Granville Centre	Nova Scotia	7.63
St. Remi	Hemmingford	Quebec	14.29
Fortierville	St. Gregoire	Quebec	27.25

Board approval has been given to the two first mentioned applications. In addition, authority was given by the Interstate Commerce Commission to abandon the Williamstown Branch, forming part of the Central Vermont Railway, 3.87 miles in length.

Montreal Terminals

Montreal terminals construction work was materially advanced during the year, and it is proposed actively to continue these works in accordance with the programme laid out.

Royal Visit to Canada

The Canadian National System had the honour of conveying Their Majesties, King George VI and Queen Elizabeth, over 4,251 miles of its lines during the Royal Tour last summer. Their Majesties were also passengers on the S.S. "Prince Robert" from Victoria to Vancouver. The Canadian National played a prominent part in the preparation and handling of the Royal Train.

At the close of the memorable visit, His Majesty expressed his appreciation of the uniform excellence of the railway service on his long journey through Canada, and his message was communicated to the officers and employees in the various departments of the System.

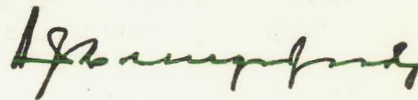
War Conditions

The outbreak of war greatly added to the ordinary activities of the Railway in the year 1939, and the Company has been called upon to provide greatly augmented transport services. In addition, it has contributed in numerous ways to the national war effort, and the services of a number of officers and employees have been loaned to the Dominion Government for specialized war work. From the outbreak of the war to the end of the year some 430 employees enlisted for military service, and suitable arrangements have been made for the preservation of their employee and pension status.

Outlook for 1940

The outlook for 1940 is for a substantial increase in traffic and for a corresponding improvement in the financial results. Canada's participation in the war will bring greatly increasing demands upon the Canadian National Railways for transportation services, but the Directors are confident of the railway's ability to meet every need which may arise and that the officers and employees may be relied upon to perform their duties with a keen sense of responsibility, no matter how exacting conditions may become.

For the Board of Directors,

A handwritten signature in dark ink, appearing to read "L. G. Campbell", is written over a faint, horizontal green line.

Chairman.

CONSOLIDATED BALANCE SHEET

		ASSETS		
INVESTMENTS:				
Investment in Road and Equipment.....	\$1,863,083,556.35			
Improvements on Leased Railway Property.....	4,335,489.51			
Miscellaneous Physical Property.....	62,230,455.45		\$1,929,649,501.31	
Sinking Funds:				
System Securities at par.....	\$ 362,401.20			
Other Assets at cost.....	257,695.26		620,096.46	
Deposits in lieu of Mortgaged Property Sold:				
System Securities at par.....	\$ 750,000.00			
Other Assets at cost.....	3,520,519.02		4,270,519.02	
Investments in Affiliated Companies.....			38,385,153.28	
Other Investments:				
System Securities at par.....	\$ 60,000.00			
Other Assets at cost.....	1,010,618.43		1,070,618.43	\$1,973,995,888.50
CURRENT ASSETS:				
Cash.....		\$ 8,241,860.13		
Special Deposits.....		7,680,558.46		
Bills Receivable.....		100,000.00		
Traffic and Car-Service Balances Receivable.....		1,260,693.82		
Net Balances Receivable from Agents and Conductors.....		5,668,581.22		
Miscellaneous Accounts Receivable.....	\$ 5,555,428.35			
Dominion Government—Balance due on Deficit Contributions.....	11,049,422.56		16,604,850.91	
Material and Supplies.....		28,040,296.92		
Interest and Dividends Receivable.....		266,464.91		
Rents Receivable.....		73,104.00		
Other Current Assets.....		705,545.70		68,641,956.07
DEFERRED ASSETS:				
Working Fund Advances.....		\$ 213,645.67		
C.N.R. Insurance Fund:				
System Securities at par.....	\$ 6,968,969.92			
Other Assets at cost.....	5,435,039.05		12,404,008.97	
Other Funds.....		14,506.25		
Other Deferred Assets.....		5,463,576.60		18,095,737.49
UNADJUSTED DEBITS:				
Rents and Insurance Premiums paid in advance.....		\$ 241,816.68		
Discount on Capital Stock.....		189,500.00		
Discount on Funded Debt.....		12,396,897.29		
Other Unadjusted Debits.....		2,699,925.31		15,528,139.28
\$2,076,261,721.34				

CERTIFICATE

We have examined the books and records of the companies comprising the System. The investments in properties and equipment appearing in the books of the System are stated in Canadian currency—Sterling and Depreciation Accounting is applied to rolling stock owned by United States units of property on the System.

Subject to the foregoing and our report to Parliament, we certify that, in to exhibit a true and correct view of the affairs of the System as at the for the year ended the 31st. December, 1939 are correctly stated.

9th. March, 1940.

AT 31st. DECEMBER, 1939.

LIABILITIES	
STOCKS:	
Capital Stocks of Subsidiary Companies owned by Public.....	\$ 4,566,600.00
LONG TERM DEBT:	
Funded Debt Unmatured.....	1,263,401,310.62
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):	
Loans.....	\$ 45,382,081.52
Canadian Government Railways—Working Capital.....	16,771,980.54
	62,154,062.06
CURRENT LIABILITIES:	
Traffic and Car-Service Balances Payable.....	\$ 3,996,761.01
Audited Accounts and Wages Payable.....	8,853,151.41
Miscellaneous Accounts Payable.....	2,772,078.61
Interest Matured Unpaid.....	7,765,527.72
Funded Debt Matured Unpaid.....	205,383.35
Unmatured Interest Accrued.....	10,335,537.68
Unmatured Rents Accrued.....	400,619.21
Other Current Liabilities.....	1,443,646.37
	35,772,705.36
DEFERRED LIABILITIES:.....	3,651,640.99
UNADJUSTED CREDITS AND RESERVES:	
Tax Liability.....	\$ 2,145,789.36
C.N.R. Insurance Reserve.....	12,404,008.97
Accrued Depreciation—U.S. Lines.....	16,353,174.54
Other Unadjusted Credits and Reserves.....	5,724,280.84
	36,627,253.71
DOMINION GOVERNMENT—PROPRIETOR'S EQUITY (See Note)	
Represented by:—	
1,000,000 shares of no par value capital stock of Canadian National Railway Company issued in exchange for the residual value of Canadian Northern capital stock.....	\$ 18,000,000.00
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the transfer of securities, advances, claims for unpaid interest and collateral securities.....	264,012,426.42
Dominion Government Capital Expenditures for Canadian Government Railways	388,075,722.18
	670,088,148.60
CONTINGENT LIABILITIES:	
For major contingent liabilities, including pension plans, see page 21.	
	<u>\$2,076,261,721.34</u>

NOTE:—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Comptroller.

OF AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1939. companies as at the 1st. January, 1923 were accepted by us.

United States currencies being converted at the par of exchange.

Lines and Retirement Accounting is applied on the basis of original cost to other

our opinion, the above Consolidated Balance Sheet is properly drawn up so as 31st. December, 1939, and that the relative Income and Profit and Loss Accounts

GEORGE A. TOUCHE & CO.,

Chartered Accountants.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st. DECEMBER, 1939.

DEBITS:

Debit Balance transferred from Income. \$ 38,239,264.14

Debits from Retired Road and Equipment:

Line Abandonments.	\$ 2,600,442.11	
Other Property retired and not replaced.	1,857,708.73	4,458,150.84

Miscellaneous Debits. 136,238.73

\$ 42,833,653.71

CREDITS:

Credits from Retired Road and Equipment. \$ 63,098.82

Miscellaneous Credits. 74,593.20

\$ 137,692.02

Line Abandonments, as above, charged to Proprietor's Equity. \$ 2,600,442.11

CASH DEFICIT, Contributed by Government. 40,095,519.58 \$ 42,695,961.69

DOMINION GOVERNMENT—PROPRIETOR'S EQUITY

	Balance at 31st. Dec., 1938	Change during year (See Page 18)	Balance at 31st. Dec., 1939
Canadian National Railway Company, Capital Stock.	\$ 18,000,000.00	—	\$ 18,000,000.00
The Canadian National Railways Securities Trust, Capital Stock..	266,612,868.53	\$ 2,600,442.11	264,012,426.42
Dominion Government Capital Expenditures for Canadian Govern- ment Railways.	388,075,722.18	—	388,075,722.18
	<u>\$672,688,590.71</u>	<u>\$ 2,600,442.11</u>	<u>\$670,088,148.60</u>

CONSOLIDATED INCOME ACCOUNT

	Year 1939	Year 1938
Railway Operating Revenues.....	\$203,820,186.62	\$182,241,722.93
Railway Operating Expenses.....	182,965,768.18	176,175,311.78
Net Revenue from Railway Operations.....	\$ 20,854,418.44	\$ 6,066,411.15
Railway Tax Accruals.....	6,246,460.72	5,954,197.44
Railway Operating Income.....	\$ 14,607,957.72	\$ 112,213.71
Rent from Locomotives.....	103,236.23	102,074.89
Rent from Passenger-Train Cars.....	286,343.14	267,170.94
Rent from Floating Equipment.....	29.00	360.00
Rent from Work Equipment.....	146,344.00	124,198.88
Joint Facility Rent Income.....	1,646,613.65	1,630,481.05
Hire of Freight Cars—Debit Balance.....	1,651,107.92	1,403,976.52
Rent for Locomotives.....	43,404.24	31,307.83
Rent for Passenger-Train Cars.....	308,672.60	310,406.74
Rent for Floating Equipment.....	67,865.61	67,976.28
Rent for Work Equipment.....	7,856.93	7,235.31
Joint Facility Rents—Debit.....	2,273,227.76	2,548,636.17
Net Railway Operating Income.....	\$ 12,438,388.68	\$ 2,133,039.38
Revenues from Hotel Operations.....	3,331,303.03	3,144,674.00
Expenses of Hotel Operations.....	2,901,439.17	2,784,021.04
Taxes on Hotel Property.....	127,500.27	134,639.21
Net Hotel Operating Income.....	\$ 302,363.59	\$ 226,013.75
Income from Lease of Road and Equipment.....	74,319.47	74,273.79
Miscellaneous Rent Income.....	929,270.03	900,219.75
Miscellaneous Non-Transportation Property—Credit.....	49,228.23	84,071.04
Dividend Income.....	420,288.50	243,972.50
Income from Funded Securities.....	1,783,507.80	1,697,609.86
Income from Unfunded Securities and Accounts.....	365,115.38	714,849.86
Income from Sinking and Other Reserve Funds.....	169,020.47	209,379.48
Miscellaneous Income.....	1,634,409.95	327,056.88
Miscellaneous Rents—Debit.....	616,582.11	498,107.82
Miscellaneous Tax Accruals.....	130,159.75	152,413.03
Separately Operated Properties—Loss.....	1,284,803.42	1,693,336.01
Miscellaneous Income Charges.....	885,466.35	1,019,805.86
Income Available for Fixed Charges.....	\$ 15,248,900.47	\$ 1,019,255.19
Rent for Leased Roads and Equipment.....	1,459,907.66	1,474,675.68
Interest on Funded Debt—Public.....	49,814,377.90	49,839,022.58
Interest on Government Loans.....	916,165.01	926,124.86
Interest on Unfunded Debt.....	183,335.56	153,093.69
Amortization of Discount on Funded Debt.....	1,114,378.48	1,058,824.92
Total Fixed Charges.....	\$ 53,488,164.61	\$ 53,451,741.73
Income <i>Deficit</i> transferred to Profit and Loss.....	\$ 38,239,264.14	\$ 54,470,996.92

OPERATING REVENUES

	Year 1939	Year 1938
Freight.....	\$158,309,025.45	\$137,873,660.16
Maritime Rates Reduction.....	1,946,064.65	1,896,022.47
Passenger.....	17,817,119.48	18,096,849.20
Excess Baggage.....	72,419.23	81,075.72
Sleeping Car.....	1,118,662.63	1,150,698.00
Parlor and Chair Car.....	139,184.04	157,869.16
Mail.....	3,559,419.65	3,509,248.20
Railway Express Agency.....	342,041.93	297,242.77
Express.....	9,616,999.16	8,487,782.67
Other Passenger-Train.....	44,908.71	45,638.48
Milk.....	300,846.45	345,761.12
Switching.....	2,220,643.57	2,029,173.69
Water Transfers—Freight.....	75,187.60	46,644.52
Water Transfers—Passenger.....	22,674.07	18,268.95
Water Transfers—Vehicles and Live Stock.....	39,737.50	35,855.00
Water Transfers—Other.....	2.90	—
Dining and Buffet.....	798,034.69	773,471.63
Restaurants.....	13,722.80	12,410.80
Station, Train, and Boat Privileges.....	92,788.20	102,483.40
Parcel Room.....	32,897.55	34,537.17
Storage—Freight.....	141,231.90	174,848.60
Storage—Baggage.....	14,244.74	14,730.88
Demurrage.....	244,597.91	247,642.43
Telegraph and Telephone.....	10,135.37	9,949.74
Telegraph—Commercial.....	4,302,997.74	4,471,128.16
Grain Elevator.....	93,432.46	35,972.91
Rents of Buildings and Other Property.....	441,537.00	453,062.63
Miscellaneous.....	1,654,070.75	1,496,077.85
Joint Facility—Credit.....	415,014.19	410,247.50
Joint Facility—Debit.....	59,455.70	66,630.88
	<u>\$203,820,186.62</u>	<u>\$182,241,722.93</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures.....	\$ 36,530,434.24	\$ 33,789,284.02
Maintenance of Equipment.....	42,662,023.70	41,679,618.98
Traffic.....	5,175,594.62	5,132,239.09
Transportation.....	88,840,663.85	86,161,164.72
Miscellaneous Operations.....	1,298,214.56	1,260,624.29
General.....	8,971,891.88	8,552,593.38
Transportation for Investment—Credit.....	513,054.67	400,212.70
	<u>\$182,965,768.18</u>	<u>\$176,175,311.78</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year 1939	Year 1938
Superintendence.....	\$ 2,886,253.47	\$ 2,920,826.55
Roadway Maintenance.....	4,724,645.85	4,548,637.73
Tunnels and Subways.....	18,928.65	20,443.78
Bridges, Trestles and Culverts.....	1,641,924.46	1,729,574.68
Ties.....	4,688,875.76	4,479,694.87
Rails.....	1,795,810.21	1,329,680.64
Other Track Material.....	1,604,465.82	1,417,226.38
Ballast.....	529,325.14	213,058.83
Track Laying and Surfacing.....	9,510,166.07	9,104,042.10
Fences, Snowsheds and Signs.....	491,840.74	470,968.89
Station and Office Buildings.....	1,507,226.32	1,343,851.27
Roadway Buildings.....	164,484.42	137,724.42
Water Stations.....	381,981.21	371,815.41
Fuel Stations.....	144,663.46	153,459.05
Shops and Enginehouses.....	1,124,976.16	1,027,937.19
Grain Elevators.....	52,555.02	13,896.28
Storage Warehouses.....	2,271.46	3,867.75
Wharves and Docks.....	127,324.69	146,481.88
Coal and Ore Wharves.....	425.89	374.38
Gas Producing Plants.....	119.75	68.99
Telegraph and Telephone Lines.....	691,777.16	637,405.03
Telegraph—Commercial.....	761,210.79	707,030.28
Signals and Interlockers.....	566,742.10	510,292.55
Power Plants.....	12,005.52	9,711.32
Power Transmission Systems.....	84,344.22	92,171.54
Miscellaneous Structures.....	3,862.21	1,338.92
Roadway Machines.....	299,823.95	294,311.37
Small Tools and Supplies.....	503,446.62	461,026.04
Removing Snow, Ice and Sand.....	1,838,545.81	1,481,428.18
Public Improvements—Maintenance.....	213,087.26	219,416.35
Injuries to Persons.....	267,390.45	378,743.15
Insurance.....	21,790.61	18,807.67
Stationery and Printing.....	49,148.93	45,983.92
Other Expenses.....	22,153.53	25,253.62
Maintaining Joint Tracks, Yards and Other Facilities—Debit.....	444,377.55	429,257.96
Maintaining Joint Tracks, Yards and Other Facilities—Credit.....	1,141,366.99	1,022,868.67
Right of Way Expenses.....	30,442.44	36,214.98
Depreciation—U.S. Lines only.....	30,128.74	30,128.74
Protective Services.....	433,258.79	—
	<u>\$36,530,434.24</u>	<u>\$33,789,284.02</u>

MAINTENANCE OF EQUIPMENT EXPENSES

Superintendence.....	\$ 1,327,571.31	\$ 1,323,988.12
Shop Machinery.....	1,254,928.69	1,171,305.72
Power Plant Machinery.....	163,194.26	84,594.89
Steam Locomotives—Repairs.....	12,495,210.87	12,013,270.92
Other Locomotives—Repairs.....	73,520.93	60,870.85
Freight Train Cars—Repairs.....	10,857,775.60	10,835,931.15
Passenger Train Cars—Repairs.....	6,089,653.35	6,671,924.51
Floating Equipment—Repairs.....	217,701.34	126,841.27
Work Equipment—Repairs.....	1,156,793.41	921,211.40
Miscellaneous Equipment—Repairs.....	42,815.76	42,014.39
Express Equipment—Repairs.....	94,773.13	92,510.14
Express Equipment—Retirements.....	95,261.11	101,024.62
Equipment Retirements (Demolition Cost).....	165,983.98	92,420.21
Equipment Retirements, Canadian Lines.....	6,763,524.60	6,268,167.51
Depreciation—U.S. Lines Only.....	1,514,457.00	1,493,752.54
Injuries to Persons.....	272,602.92	298,035.45
Insurance.....	11,948.30	11,934.91
Stationery and Printing.....	37,980.77	39,855.27
Other Expenses.....	1,678.10	1,980.44
Maintaining Joint Equipment—Debit.....	180,043.99	181,034.43
Maintaining Joint Equipment—Credit.....	155,395.72	153,049.76
	<u>\$42,662,023.70</u>	<u>\$41,679,618.98</u>

TRAFFIC EXPENSES

	Year 1939	Year 1938
Superintendence.....	\$ 1,639,423.42	\$ 1,629,550.43
Outside Agencies.....	2,256,146.54	2,280,696.55
Advertising.....	664,908.20	599,680.19
Traffic Associations.....	92,776.63	91,361.82
Stationery and Printing.....	282,955.43	286,182.69
Other Expenses.....	380.08	—
Industrial Bureau.....	69,983.82	84,901.15
Colonization, Agriculture and Natural Resources.....	169,020.50	159,866.26
	<u>\$ 5,175,594.62</u>	<u>\$ 5,132,239.09</u>

TRANSPORTATION EXPENSES

Superintendence.....	\$ 2,913,325.48	\$ 2,942,765.60
Dispatching Trains.....	1,216,596.34	1,186,554.71
Station Employees.....	13,865,614.75	13,233,144.83
Weighing, Inspection and Demurrage Bureaus.....	72,308.47	68,780.72
Station Supplies and Expenses.....	1,163,102.70	1,181,712.27
Yardmasters and Yard Clerks.....	2,259,771.06	2,217,553.02
Yard Conductors and Brakemen.....	4,165,618.87	3,814,509.95
Yard Switch and Signal Tenders.....	479,381.74	478,611.22
Yard Enginemen.....	2,922,409.09	2,659,279.90
Yard Motormen.....	72,746.47	66,442.56
Yard Switching Fuel.....	2,764,389.88	2,676,219.48
Yard Switching Power Produced.....	9,295.60	10,017.53
Yard Switching Power Purchased.....	52,244.05	58,112.87
Water for Yard Locomotives.....	144,731.49	140,186.88
Lubricants for Yard Locomotives.....	36,585.07	32,457.37
Other Supplies for Yard Locomotives.....	25,969.44	22,820.39
Enginehouse Expenses—Yard.....	1,047,806.75	1,015,940.54
Yard Supplies and Expenses.....	117,014.70	115,295.82
Operating Joint Yards and Terminals—Debit.....	931,216.80	972,366.86
Operating Joint Yards and Terminals—Credit.....	1,250,090.31	1,235,589.47
Train Enginemen.....	8,490,295.46	8,072,583.72
Train Motormen.....	122,242.48	121,662.22
Train Fuel.....	14,452,666.90	13,981,398.72
Train Power Produced.....	11,979.22	11,614.84
Train Power Purchased.....	38,922.93	38,236.28
Water for Train Locomotives.....	882,079.67	832,340.68
Lubricants for Train Locomotives.....	296,952.45	291,961.64
Other Supplies for Train Locomotives.....	130,549.23	123,213.49
Enginehouse Expenses—Train.....	2,961,262.63	2,927,983.25
Trainmen.....	9,530,065.91	9,107,969.41
Train Supplies and Expenses.....	5,301,030.59	5,143,199.80
Operating Sleeping Cars.....	796,424.76	805,743.70
Signal and Interlocker Operation.....	413,382.76	427,704.38
Crossing Protection.....	574,862.19	582,439.09
Drawbridge Operation.....	99,114.48	98,879.93
Telegraph and Telephone Operation.....	243,526.80	238,607.38
Telegraph—Commercial.....	3,435,676.45	3,471,324.89
Operating Floating Equipment.....	605,024.18	597,456.53
Express.....	4,997,242.87	4,859,819.42
Stationery and Printing.....	432,451.45	414,748.89
Other Expenses.....	441,808.14	379,851.04
Operating Joint Tracks and Facilities—Debit.....	594,080.03	558,529.71
Operating Joint Tracks and Facilities—Credit.....	379,432.42	374,138.00
Insurance.....	12,296.04	10,649.52
Clearing Wrecks.....	149,095.41	152,209.21
Damage to Property.....	39,051.00	60,500.78
Damage to Live Stock on Right-of-Way.....	33,233.99	43,978.51
Loss and Damage—Freight.....	510,375.15	579,784.95
Loss and Damage—Baggage.....	1,183.83	1,417.21
Injuries to Persons.....	613,180.83	942,310.48
	<u>\$88,840,663.85</u>	<u>\$86,161,164.72</u>

MISCELLANEOUS OPERATING EXPENSES

	Year 1939	Year 1938
Dining and Buffet Service.....	\$1,199,644.53	\$1,181,190.56
Restaurants.....	11,708.85	10,993.13
Grain Elevators.....	49,739.15	33,268.75
Other Miscellaneous Operations.....	37,122.03	35,171.85
	<u>\$1,298,214.56</u>	<u>\$1,260,624.29</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$ 430,425.94	\$ 407,168.90
Salaries and Expenses of Clerks and Attendants.....	3,327,193.50	3,199,765.15
General Office Supplies and Expenses.....	200,649.86	197,064.40
Law Expenses.....	383,022.58	330,669.44
Relief Department Expenses.....	27,500.00	27,500.00
Pensions.....	4,244,840.85	4,022,809.42
Stationery and Printing.....	118,849.81	116,921.02
Valuation Expenses.....	14,337.09	28,738.56
Other Expenses.....	232,189.79	232,817.48
General Joint Facilities—Debit.....	33,174.63	41,811.87
General Joint Facilities—Credit.....	40,292.17	52,672.86
	<u>\$8,971,891.88</u>	<u>\$8,552,593.38</u>

PROPERTY INVESTMENT ACCOUNT

BALANCE AT 1ST JANUARY, 1939.....		\$1,922,384,072.39
EXPENDITURES, YEAR 1939:		
ROAD:		
New Lines Constructed.....	\$ 327,003.60	
Montreal Terminal Development, Chapter 12, 1929.....	2,174,590.82	
Salvage from Line Abandonments.....	373,253.95	
Rails and Fastenings.....	416,662.33	
Tie Plates and Rail Anchors.....	934,843.24	
Ties—Cost of Treating.....	1,086,150.24	
Ballast.....	110,619.69	
Widening Cuts and Fills and Scaling Rock Cuts.....	64,989.52	
Ditching, Drainage and Sewers.....	169,555.95	
Large Passenger Terminals.....	139,680.91	
Yard Tracks and Sidings.....	559,471.71	
Bridges, Trestles and Culverts.....	473,486.35	
Crossing Protection, Including Subways.....	41,707.86	
Stations and Station Facilities.....	100,504.23	
Water Supplies.....	127,417.18	
Shops, Enginehouses and Machinery.....	296,342.83	
Docks and Wharves.....	23,215.39	
Signals and Interlockers.....	52,881.05	
Telegraphs—Railway.....	44,022.15	
Telegraphs—Commercial.....	215,285.65	
Stores Department, Buildings and Equipment.....	9,045.97	
Assessments for Public Improvements.....	94,761.17	
Land.....	679,199.44	
General Additions and Betterments.....	671,762.65	
TOTAL.....	\$5,761,595.22	
EQUIPMENT:		
Rolling Stock Purchased or Built.....	\$9,416,948.96	
Retirement of Rolling Stock.....	8,471,262.20	
Additions and Betterments to Rolling Stock.....	1,136,696.55	
Equipment Transfers.....	20,215.20	
Express and Miscellaneous Equipment.....	51,503.07	
Floating Equipment.....	43,274.98	
TOTAL.....	\$2,156,946.16	
HOTELS.....	\$1,698,320.41	
SEPARATELY OPERATED PROPERTIES.....	\$ 246,986.13	
NET ADDITIONS AND BETTERMENTS EXPENDITURES.....		9,863,847.92
TRANSFERS AFFECTING PROPRIETOR'S EQUITY, ETC.....		2,598,419.00
BALANCE AT 31ST DECEMBER, 1939.....		\$1,929,649,501.31

TRANSACTIONS DURING YEAR 1939 AFFECTING PROPRIETOR'S EQUITY

Line abandonment between mileages 68.00 and 75.63 Middleton subdivision.....	\$ 90,957.48
Line abandonment between mileages 32.70 and 87.98 L'Orignal subdivision.....	1,802,373.89
Line abandonment between mileages 1.74 and 35.40 North Lake subdivision.....	587,104.49
Abandonment of Williamstown Branch 3.87 miles of Central Vermont Railway.....	120,006.25
	\$ 2,600,442.11

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1939	Interest Accrued 1939
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock.....	G.T.R.	1875 to 1883	Perpetual	\$ 20,782,491.67	\$ 1,039,124.58
5% G.W. Perp. Debtr. Stock and Bonds....	G.T.R.	1858 to 1876	Perpetual	13,252,322.67	662,616.12
4% Perpetual Debenture Stock.....	G.T.R.	1883 to 1918	Perpetual	119,839,014.33	4,793,560.56
4% Nor. Rly. Perpetual Debtr. Stock.....	G.T.R.	July 31, 1884	Perpetual	1,499,979.67	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R.	1884 to 1909	Perpetual	60,833,333.33	2,433,333.33
3% 1st Mortgage Bonds.....	G.T.P.	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00
4% Sterling Bonds.....	G.T.P.	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92
3% 1st Mortgage Debenture Stock.....	Can. Nor.	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86
3½% 1st Mortgage Debenture Stock.....	Can. Nor.	Mar. 1910	July 20, 1958	7,896,541.81	276,378.99
6½% Sinking Fund Debenture Bonds.....	Can. Nor.	July 1, 1921	July 1, 1946	24,238,000.00	1,575,470.00
3½% 1st Mortgage Debenture Stock.....	C.N.A.	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94
3½% 1st Mortgage Debenture Stock.....	C.N.O.	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
2% 1927 Guaranteed Debenture Stock.....	Can. Nat.	July 1, 1926	By Drawings	21,401,371.07	437,526.03
4½% 30 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00
4¾% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00
4½% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	3,150,000.00
4½% 20 Year Guaranteed Gold Bonds.....	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	2,250,000.00
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
3% 9 Year Guaranteed Bonds.....	Can. Nat.	May 1, 1935	May 1, 1944	35,000,000.00	1,050,000.00
2% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1943	55,000,000.00	1,100,000.00
3% 17 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1944	15,500,000.00	348,750.00
3% 15 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	600,000.00
3% 13 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1937	Dec. 15, 1950	30,000,000.00	900,000.00
2% 4 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1938	Jan. 15, 1942	20,000,000.00	400,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1946	15,000,000.00	320,663.63
3% 20 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1959	35,000,000.00	997,619.78
Total Issues Guaranteed by Dominion Government.....				\$1,053,915,894.80	\$41,436,535.76
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st Mortgage Debenture Stock.....	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 2,727,977.40	\$ 109,119.10
GUARANTEED BY PROVINCE OF MANITOBA:					
4% Winnipeg Terminal Bonds.....	Can. Nor.	July 1, 1909	July 1, 1939	—	60,000.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1909	Jan. 22, 1939	—	24,177.23
4% 1st Mortgage Debenture Stock.....	Can. Nor.	June 12, 1909	Jan. 23, 1939	—	19,873.34
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1909	Feb. 25, 1939	—	14,850.00
4% 1st Mortgage Debenture Stock.....	Can. Nor.	June 10, 1909	Feb. 25, 1939	—	34,030.20
4½% 1st Mtge. Debtr. Stock and Bonds...	C.N.W.	Mar. 1914	Oct. 22, 1943	2,799,997.73	125,999.90
4½% 1st Mtge. Debtr. Stock and Bonds...	C.N.W.	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock.....	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	16,412,001.13	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.	1913 and 1914	Apr. 2, 1950	8,614,000.00	387,630.00
Total Issues Guaranteed by Provincial Governments.....				\$ 38,131,740.26	\$ 1,767,390.40
Carried Forward.....				\$1,092,047,635.06	\$43,203,926.16

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1939	Interest Accrued 1939
Brought Forward				\$1,092,047,635.06	\$43,203,926.16
EQUIPMENT TRUST ISSUES:					
4½% Series "H"	Can. Nat.	July 1, 1924	Ser. 1, 7, '39	—	14,062.50
4½% " " "J"	Can. Nat.	May 1, 1927	Ser. 1, 5, '42	3,000,000.00	150,000.00
5% " " "K"	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	6,000,000.00	320,000.00
5% " " "G.T.W."	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	1,408,000.00	83,881.80
5% " " "C.V.R."	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	225,000.00	13,441.39
5% " " "C.V.R."	C.V.	Dec. 14, 1929	Ser. 14, 12, '44	384,000.00	22,926.67
4½% " " "L"	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	6,300,000.00	303,187.50
2½% " " "O"	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	11,440,000.00	306,854.17
2¾% " " "P"	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	7,100,000.00	204,989.58
2½% " " "Q"	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	6,500,000.00	75,907.54
Total Equipment Trust Issues				\$ 42,357,000.00	\$ 1,495,251.15
OTHER ISSUES:					
4% Canada Atlantic 1st Mtge. Bonds	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	\$ 16,000,092.00	\$ 640,003.68
7% Wellington Grey & Bruce Bonds	G.T.R.	July 1, 1869	By Drawings	62,293.34	16,900.71
6% Northern Railway 3rd Pref. Bonds	G.T.R.	1868	Perpetual	70,566.66	4,234.00
3¾% 1st Mortgage Bonds	N.E. Elev.	July 1, 1901	Ser. 1, 7, '41	20,000.00	937.50
4% 1st Mortgage Bonds	Pem. Sou.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mtge. Bonds, Prairie "A"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	10,206,000.00	408,240.00
4% 2nd Mtge. Bonds, Mountain "B"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	9,963,000.00	398,520.00
4% 1st Mtge. Bonds, "Lake Superior"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	7,533,000.00	301,320.00
4% Perpetual Cons. Debenture Stock	Can. Nor.	1903 to 1912	Perpetual	44,943,019.40	1,797,720.74
4% Perpetual Cons. Debenture Stock	C.N.O.	June 21, 1909	Perpetual	8,724,113.20	348,964.50
4% Perpetual Cons. Debenture Stock	C.N.Q.	Oct. 1906	Perpetual	5,250,369.26	210,014.76
4% 1st Mtge. Perp. Debenture Stock	Q. & L. St. J.	June 1, 1912	Perpetual	4,252,503.06	170,100.14
4% 1st Mtge. Debenture Stock	D. W. & P.	May 1, 1910	June 1, 1939	—	116,749.96
4% 1st Mortgage Bonds	G.T.W.	Nov. 30, 1900	July 1, 1950	10,964,416.00	439,413.86
4½% 1st Mortgage Series "A" Bonds	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4% Indebtedness of S.S. & C. Co.	C.V.Ry.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mortgage Guar. Debtr. Bonds	H. & S. W.	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	155,645.00
5% Indebtedness to Province of N.B.	Can. Nat.	Sept. 3, 1929	Various	1,364,022.60	68,201.13
Indebtedness to State of Michigan	G.T.W.	July 20, 1927	Serially 1948	4,290,414.79	No Interest
Total Other Issues				\$ 128,996,675.56	\$ 5,115,200.59
Total Debt held by Public (including therein \$8,141,371.12 par value held in Special Funds and Accounts) as per Balance Sheet				\$1,263,401,310.62	\$49,814,377.90

NOTE:—These obligations are stated in Canadian currency—Sterling and United States currencies being converted at the par of exchange.

DOMINION OF CANADA—LOANS

(Treated as Assets in Public Accounts of Canada)

	Principal Outstanding at Dec. 31, 1939	Interest Accrued 1939
3½% Advances, Financing and Guarantee Act, 1938	\$ 1,717,008.90	\$ 75,035.45
3½% Advances, Financing and Guarantee Act, 1939	12,203,902.98	227,553.09
3½% Advances, Branch Line Construction Act, 1936	532,873.24	18,795.97
3½% Advances, Trans-Canada Air Lines Act, 1937	550,000.00	15,615.76
3% Purchase of Railway Equipment (Repayable 1938-1950)	5,688,903.87	175,192.38
2% Advances, Refunding Act, 1938	24,689,392.53	380,471.57
Interest on Advances refunded in 1939	—	23,500.79
	\$ 45,382,081.52	\$ 916,165.01

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by		Book Value
		Can.	Nat. System	
STOCKS:				
Atlantic and St. Lawrence Rail Road Company.....	\$ 5,480,700.00	\$	224.33	\$ 176.53
The Belt Railway Company of Chicago.....	3,120,000.00		240,000.00	240,000.00
Canadian Government Merchant Marine, Limited.....	300.00		300.00	300.00
Central Vermont Transportation Company.....	200,000.00		50,000.00	20,000.00
Chicago & Western Indiana Railroad Company.....	5,000,000.00		1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company.....	3,000,000.00		1,500,000.00	2,142,000.00
Detroit Terminal Railroad Company.....	2,000,000.00		1,000,000.00	1,000,000.00
Northern Alberta Railways Company.....	625,000.00		312,500.00	312,500.00
The Ontario Car Ferry Company (Limited).....	500,000.00		250,000.00	179,007.53
The Public Markets, Limited.....	1,150,000.00		575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value).....	1,000 shares		6 shares	600.00
The Toronto Terminals Railway Company.....	500,000.00		250,000.00	250,000.00
The Toledo Terminal Railroad Company.....	4,000,000.00		387,200.00	387,200.00
Trans-Canada Air Lines.....	3,750,000.00		3,750,000.00	3,750,000.00
Vancouver Hotel Company Limited.....	100,600.00		50,300.00	50,300.00
				<u>\$ 9,907,084.06</u>
BONDS:				
Atlantic and St. Lawrence Rail Road Company.....	\$ 3,000,000.00	\$ 3,000,000.00		\$ 3,012,040.00
The Detroit & Toledo Shore Line Railroad Co. 1st Mtge. Bonds..	3,000,000.00		587,000.00	571,615.00
Northern Alberta Railways Co. 1st Mortgage Bonds.....	20,300,000.00		10,150,000.00	10,150,000.00
The Toronto Terminals Railway Co. 1st Mortgage Bonds.....	25,960,000.00		12,980,000.00	12,980,000.00
				<u>\$26,713,655.00</u>
ADVANCES:				
Chicago & Western Indiana Railroad Company.....				\$ 1,469,467.24
The Railroad Credit Corporation.....				207,123.36
Railway Express Agency, Incorporated.....				87,823.62
				<u>\$ 1,764,414.22</u>
				<u>\$38,385,153.28</u>

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

The Canadian National Railway Company owns \$5,000,000 of the Capital Stock of the Air Lines on which total call to 31st. December, 1939, has been \$3,750,000.

NORTHERN ALBERTA RAILWAYS COMPANY:

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

Under agreement of purchase dated 6th. February, 1929, Canadian National Railway Company became liable for one-half of the purchase consideration for the property. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. The future commitment of the Canadian National Railway Company is \$4,710,000. The Canadian National Railway Company takes up currently in its income account one-half of the annual deficit of Northern Alberta Railways Company.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 Year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 Year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO & WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company, pursuant to joint supplemental lease dated 1st. July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 Year 4% bonds due 1952 and the amounts outstanding at 31st. December, 1939, are:—

Issued for "common" property.....	\$39,973,019.39
Issued for "exclusive" property.....	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. March, 1936, between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1939, is \$22,044,000.

C.N.R. PENSION PLANS:

Reserves are not set up against pensions presently being paid or conditionally accruing under the 1935 contractual plan and prior non-contractual plans. Actual pension payments made at the expense of the Railway are charged currently to operating expenses.

Pension contracts in force under the 1935 contractual plan number 3,151, the average annual pension is \$488, the total annual pensions being \$1,538,691 representing a capital sum of approximately \$13,350,000. The portion of this sum contributed by retired employees is carried in the accounts as a deferred liability.

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

Company Number	CAPITAL STOCKS OWNED BY DOMINION GOVERNMENT	
1	Canadian National Railway Company.....	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust.....	264,012,426.42
		<u>\$282,012,426.42</u>

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3	The Bay of Quinté Railway Company.....	23	\$ 1,395,000.00	\$
4	The Bessemer and Barry's Bay Railway Company.....	23	125,000.00	
5	*Brooksby Realty Company.....	29	2,000.00	
6	*Canada Atlantic Transit Company.....	1	219,000.00	
7	*Canada Atlantic Transit Company of U.S.....	1	250,000.00	
8	The Canadian Express Company.....	1	1,768,800.00	
9	*Canadian National Electric Railways.....	23	1,750,000.00	
10	Canadian National Express Company.....	24	1,000,000.00	
11	Canadian National Land Settlement Association.....	1	—	
12	*Canadian National Railways (France).....	1	2,007,400.00	
13	*Canadian National Realities, Limited.....	23	40,000.00	
14	Canadian National Rolling Stock Limited.....	1	50,000.00	
15	*Canadian National Steamship Company, Limited.....	49	15,000.00	
16	Canadian National Telegraph Company.....	23	500,000.00	
17	*Canadian National Transportation, Limited.....	1	500.00	
18	The Canadian Northern Alberta Railway Company.....	23	3,000,000.00	
19	Canadian Northern Manitoba Railway Company.....	23	250,000.00	
20	The Canadian Northern Ontario Railway Company.....	23	10,000,000.00	
21	Canadian Northern Pacific Railway Company.....	23	25,000,000.00	
22	The Canadian Northern Quebec Railway Company.....	23	9,550,000.00	3,849,200.00
23	The Canadian Northern Railway Company.....	1	18,000,000.00	
24	The Canadian Northern Railway Express Company, Limited.....	23	1,000,000.00	
25	Canadian Northern Steamships, Limited.....	23	2,000,000.00	
26	Canadian Northern System Terminals (Limited).....	23	2,000,000.00	
27	*Canadian Northern Town Properties Company, Limited.....	23	10,000,000.00	
28	Canadian Northern Western Railway Company.....	23	2,000,000.00	
29	*The Centmont Corporation.....	32	176,400.00	
30	The Central Ontario Railway.....	23	3,331,000.00	2,000.00
31	Central Vermont Airways, Inc.....	29	5,000.00	
32	Central Vermont Railway, Inc.....	1	10,000,000.00	
33	Central Vermont Terminal, Inc.....	32	5,000.00	
34	Central Vermont Warehouse, Inc.....	29	5,000.00	
35	The Champlain and St. Lawrence Railroad Company.....	1	50,000.00	
36	*Chicago, New York and Boston Refrigerator Company.....	52	1,129,400.00	
37	Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1	1,500,000.00	
38	*Consolidated Land Corporation.....	52	64,000.00	
39	*Continental Realty & Holding Company.....	13	90,000.00	
40	*The Dalhousie Navigation Company, Limited.....	23	50,000.00	
41	*Duluth and Virginia Realty Company.....	39	45,000.00	
42	Duluth, Rainy Lake & Winnipeg Railway Company.....	44	2,000,000.00	
43	Duluth, Winnipeg and Pacific Railroad Company.....	44	100,000.00	
44	Duluth, Winnipeg and Pacific Railway Company.....	23	3,100,000.00	
45	*Grand Trunk-Milwaukee Car Ferry Company.....	52	200,000.00	
46	The Grand Trunk Pacific Branch Lines Company.....	49	200,000.00	
47	*The Grand Trunk Pacific Development Company, Limited.....	49	3,000,000.00	
48	*Grand Trunk Pacific Dock Company, of Seattle.....	49	150,000.00	
49	The Grand Trunk Pacific Railway Company.....	1	24,940,200.00	
50	The Grand Trunk Pacific Saskatchewan Railway Company.....	49	20,000.00	
51	*Grand Trunk Pacific Terminal Elevator Company, (Limited).....	49	501,000.00	
52	{Grand Trunk Western Railroad Company (Common).....}	1	20,000,000.00	
	{Grand Trunk Western Railroad Company (Preferred).....}		25,000,000.00	
53	The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow).....	16	373,625.00	6,925.00
54	The Halifax and South Western Railway Company.....	23	1,000,000.00	
55	*Industrial Land Company.....	52	1,000.00	
56	International Bridge Company.....	1	1,500,000.00	
57	The Irondale, Bancroft and Ottawa Railway Company.....	23	53,500.00	500.00
58	The James Bay and Eastern Railway Company.....	23	125,000.00	
	Carried Forward.....		<u>\$190,637,825.00</u>	<u>\$ 3,858,625.00</u>

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought Forward.....		\$190,637,825.00	\$3,858,625.00
59	The Lake Superior Terminals Company Limited.....	23	500,000.00	
60	The Maganetawan River Railway Company.....	1	30,000.00	
61	Manitoba Northern Railway Company.....	1	500,000.00	
62	*Market Gardens Limited.....	23	200,000.00	
63	The Marmora Railway and Mining Company.....	23	128,600.00	
64	The Minnesota and Manitoba Railroad Company.....	23	400,000.00	
65	The Minnesota and Ontario Bridge Company.....	23	100,000.00	
66	Montreal and Province Line Railway Company.....	29	1,000,000.00	
67	*Montreal and Southern Counties Railway Company.....	1	500,000.00	189,500.00
68	The Montreal and Vermont Junction Railway Company.....	32	197,300.00	
69	*Montreal Fruit and Produce Terminal Company, Limited.....	1	500.00	
70	*The Montreal Stock Yards Company.....	1	350,000.00	
71	*The Montreal Warehousing Company.....	1	236,000.00	12,240.00
72	Mount Royal Tunnel and Terminal Company, Limited.....	23	5,000,000.00	
73	Muskegon Railway and Navigation Company.....	52	161,293.00	
74	*National Terminals of Canada, Limited.....	1	2,500.00	
75	National Transcontinental Railway Branch Lines Company.....	1	500.00	
76	New England Elevator Company.....	1	400,000.00	
77	*The Niagara, St. Catharines and Toronto Railway Company.....	23	925,000.00	
78	*The Niagara, St. Catharines and Toronto Navigation Company (Limited).....	77	100,000.00	
79	*The Oshawa Railway Company.....	1	40,000.00	
80	The Ottawa Terminals Railway Company.....	1	250,000.00	
81	The Pembroke Southern Railway Company.....	1	107,800.00	
82	Portland Elevator Company.....	1	50,000.00	
83	*Prince Charles, Limited.....	1	10,000.00	
84	*Prince David, Limited.....	1	10,000.00	
85	*Prince George, Limited.....	1	10,000.00	
86	*Prince Henry, Limited.....	1	10,000.00	
87	*Prince John, Limited.....	1	10,000.00	
88	*Prince Robert, Limited.....	1	10,000.00	
89	*Prince Rupert, Limited.....	1	10,000.00	
90	The Quebec and Lake St. John Railway Company.....	23	4,508,300.00	489,160.00
91	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steam- boat Company.....	23	201,000.00	
92	*Rail & River Coal Company.....	1	2,000,000.00	
93	St. Boniface Western Land Company.....	23	250,000.00	
94	The St. Charles and Huron River Railway Company.....	23	1,000.00	
95	St. Clair Tunnel Company.....	1	700,000.00	
96	The Stanstead, Shefford and Chambly Railroad Company.....	29	608,333.33	
97	*The Thousand Islands Railway Company.....	1	60,000.00	
98	The Toronto Belt Line Railway Company.....	1	50,000.00	16,600.00
99	†Trans-Canada Air Lines.....	1	3,750,000.00	
100	The United States and Canada Rail Road Company.....	1	219,400.00	475.00
101	Vermont and Province Line Railroad Company.....	1	200,000.00	
102	The Winnipeg Land Company Limited.....	23	100,000.00	
			<u>\$214,535,351.33</u>	<u>\$ 4,566,600.00</u>

The Income Accounts of Companies indicated() are included in the System Income Account as "Separately Operated Properties."

†Treated as an Affiliated Company.

STATEMENT OF REVENUE TONNAGE BY COMMODITIES FOR YEARS 1939-1938

	Year 1939	Year 1938	Increase or Decrease	
	Tons	Tons	Tons	Percents
AGRICULTURAL PRODUCTS:				
Wheat.....	4,884,458	3,484,132	1,400,326	40.19
Corn.....	453,322	555,625	102,303	18.41
Oats.....	544,181	495,193	48,988	9.89
Barley.....	448,447	415,554	32,893	7.92
Rye.....	60,879	21,692	39,187	180.65
Flaxseed.....	29,117	20,234	8,883	43.90
Other Grain.....	36,727	27,147	9,580	35.29
Flour.....	772,685	674,472	98,213	14.56
Other Mill Products.....	1,258,859	1,164,961	93,898	8.06
Hay and Straw.....	114,427	237,399	122,972	51.80
Cotton.....	68,221	53,271	14,950	28.06
Apples (Fresh).....	88,317	95,668	7,351	7.68
Other Fruit (Fresh).....	280,886	277,243	3,643	1.31
Potatoes.....	173,982	145,333	28,649	19.71
Other Fresh Vegetables.....	152,227	157,055	4,828	3.07
Other Agricultural Products.....	585,991	541,515	44,476	8.21
Total.....	9,952,726	8,366,494	1,586,232	18.96
ANIMAL PRODUCTS:				
Horses.....	25,263	29,650	4,387	14.80
Cattle and Calves.....	267,799	252,286	15,513	6.15
Sheep.....	14,940	15,927	987	6.20
Hogs.....	109,971	100,884	9,087	9.01
Dressed Meats (Fresh).....	180,926	176,982	3,944	2.23
Dressed Meats (Cured, Salted, Canned).....	73,392	59,377	14,015	23.60
Other Packing House Products.....	77,909	85,828	7,919	9.23
Poultry.....	22,915	20,763	2,152	10.36
Eggs.....	34,841	36,147	1,306	3.61
Butter.....	64,533	70,167	5,634	8.03
Cheese.....	31,744	27,220	4,524	16.62
Wool.....	21,717	16,458	5,259	31.95
Hides and Leather.....	72,729	54,638	18,091	33.11
Other Animal Products.....	63,091	62,045	1,046	1.69
Total.....	1,061,770	1,008,372	53,398	5.30
MINE PRODUCTS:				
Anthracite Coal.....	1,747,388	1,497,884	249,504	16.66
Bituminous Coal.....	6,110,107	5,368,816	741,291	13.81
Lignite Coal.....	1,154,720	1,106,472	48,248	4.36
Coke.....	610,483	495,042	115,441	23.32
Iron Ores.....	56,441	3,928	52,513	1,336.89
Copper Ore and Concentrates.....	139,668	147,671	8,003	5.42
Other Ores and Concentrates.....	1,466,289	1,539,239	72,950	4.74
Base Bullion, Matte, Pig & Ingot (Non-Ferrous Metals).....	478,748	433,004	45,744	10.56
Sand and Gravel.....	1,110,123	989,410	120,713	12.20
Stone (Crushed, Ground, Broken).....	1,245,886	1,159,994	85,892	7.40
Slate, Dimension or Block Stone.....	100,703	105,920	5,217	4.93
Crude Petroleum.....	365,310	293,521	71,789	24.46
Asphalt (Natural, By-Product, Petroleum).....	229,165	232,934	3,769	1.62
Salt.....	309,044	302,774	6,270	2.07
Other Mine Products.....	702,995	589,346	113,649	19.28
Total.....	15,827,070	14,265,955	1,561,115	10.94

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1939	Year 1938	Increase or Decrease	
	Tons	Tons	Tons	Percents
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling	437,772	382,379	55,393	14.49
Cordwood and Other Firewood	610,015	622,440	12,425	2.00
Ties	22,819	27,036	4,217	15.60
Pulpwood	1,361,851	1,916,084	554,233	28.93
Lumber, Timber, Box, Crate and Cooperage Material	2,359,542	1,944,759	414,783	21.33
Other Forest Products	294,034	212,287	81,747	38.51
Total	5,086,033	5,104,985	18,952	.37
MANUFACTURES AND MISCELLANEOUS:				
Gasolene	1,123,876	1,120,307	3,569	.32
Petroleum Oils and Petroleum Products (except Asphalt and Gasolene)	685,426	614,510	70,916	11.54
Sugar	231,486	197,352	34,134	17.30
Iron, Pig and Bloom	151,342	88,390	62,952	71.22
Rails and Fastenings	22,498	11,923	10,575	88.69
Iron and Steel (Bar, Sheet, Structural, Pipe)	1,148,056	792,097	355,959	44.94
Castings, Machinery and Boilers	118,552	108,691	9,861	9.07
Cement	406,827	398,458	8,369	2.10
Brick and Artificial Stone	162,113	132,914	29,199	21.97
Lime and Plaster	269,225	233,435	35,790	15.33
Sewer Pipe and Drain Tile	18,860	21,907	3,047	13.91
Agricultural Implements and Vehicles other than autos.	103,301	111,492	8,191	7.35
Automobiles, Auto Trucks and Auto Parts	1,214,073	925,261	288,812	31.21
Household Goods and Settlers' Effects	13,946	17,919	3,973	22.17
Furniture	31,082	26,936	4,146	15.39
Beverages	177,171	160,506	16,665	10.38
Fertilizers, all kinds	423,467	400,977	22,490	5.61
Newsprint Paper	1,082,682	998,586	84,096	8.42
Other Paper	224,606	192,669	31,937	16.58
Paper Board, Pulpboard and Wallboard (Paper)	210,376	189,702	20,674	10.90
Woodpulp	756,214	585,828	170,386	29.08
Fish (Fresh, Frozen, Cured, etc.)	66,288	63,568	2,720	4.28
Canned Goods (All Canned Food Products except Meats)	325,840	279,703	46,137	16.49
Other Manufactures and Miscellaneous	3,390,407	2,825,797	564,610	19.98
Merchandise (All L.C.L. Freight)	1,405,971	1,332,932	73,039	5.48
Total	13,763,685	11,831,860	1,931,825	16.33
Grand Total	45,691,284	40,577,666	5,113,618	12.60

DETAILS OF RAILWAY EQUIPMENT

	December 31, 1938	Additions During Year	Retirements During Year	Conversions During Year		December 31, 1939
				Added	Retired	
LOCOMOTIVES:						
Passenger—Freight.....	2,135		47			2,088
Switching.....	465		13			452
Electric Locomotives.....	15					15
Oil and Gas Electric.....	7					7
Total.....	2,622		60			2,562
FREIGHT EQUIPMENT:						
Box Cars.....	66,066	1,950	4,314	504	1,116	63,090
Flat Cars.....	4,925		254		98	4,573
Stock Cars.....	3,252		190	171		3,233
Coal Cars.....	13,159		58		2	13,099
Tank Cars.....	159		3		1	155
Refrigerator Cars.....	3,381	40	152			3,269
Caboose Cars.....	1,417	25	70			1,372
Other Cars in Freight Service.....	85		3	30		112
Total.....	92,444	2,015	5,044	705	1,217	88,903
PASSENGER EQUIPMENT:						
First Class Cars.....	892		7		1	884
Second Class Cars.....	146		1			145
Combination Cars.....	289	5	7		1	286
Immigrant Cars.....	196					196
Dining Cars.....	97		1	6	8	94
Parlor Cars.....	127		1	3	3	126
Sleeping Cars.....	310	9	1			318
Postal Cars.....	52				1	51
Baggage and Express Cars.....	841	60	9	22		914
Unit Cars.....	54				1	53
Other Cars in Passenger Service.....	111			1	21	91
Total.....	3,115	74	27	32	36	3,158
WORK EQUIPMENT:						
Business.....	66		3			63
All other Cars in Company's Service.....	6,081	19	474	527	11	6,142
Total.....	6,147	19	477	527	11	6,205
FLOATING EQUIPMENT:						
Car Ferries.....	11					11
Barges.....	5	1				6
Tugs.....	7					7
Work.....	4					4

STATISTICS OF RAIL-LINE OPERATION

TRANSPORTATION SERVICE

	Freight		Passenger		Total
	1939	1938	1939	1938	
TRAIN MILES:					
Locomotive Drawn.....	29,706,692	27,841,770	17,317,095	17,334,627	47,023,787
Motor Unit Cars.....	450	11,181	1,361,241	1,388,266	1,361,691
TOTAL.....	29,707,142	27,852,951	18,678,336	18,722,893	48,385,478
LOCOMOTIVE MILES:					
Principal.....	29,721,809	27,854,349	17,317,209	17,334,631	47,039,018
Helper.....	559,255	421,564	111,789	103,329	671,044
Light.....	516,016	471,995	282,252	271,183	798,268
Train Switching.....	2,785,396	2,687,647	69,901	62,716	2,855,297
Yard Switching.....	9,476,959	8,701,561	1,021,713	1,031,663	10,498,672
TOTAL.....	43,059,435	40,137,116	18,802,864	18,803,522	61,862,299

CAR MILES:

Loaded Freight Cars.....	733,592,434	656,322,465	446,944	364,127	734,039,378
Empty Freight Cars.....	343,860,124	315,994,537	191,461	159,520	344,051,585
Passenger Coach and Combination Cars.....	8,319,293	8,611,725	44,181,857	43,488,562	52,501,150
Sleeping, Parlor and Observation Cars.....	1,082,431	1,031,849	33,116,669	34,886,193	34,199,100
Dining Cars.....	32,440	29,533	4,663,097	4,982,425	4,695,537
Other Cars.....	8,956,695	8,557,950	46,900,538	46,558,991	55,857,233
Motor Unit Cars.....	450	11,181	1,398,527	1,431,451	1,398,977
Caboose.....	28,360,113	26,157,428	373,312	278,132	28,733,425
TOTAL.....	1,124,203,980	1,016,716,698	131,272,405	132,149,401	1,255,476,385

WORK SERVICE

	Train Miles		Locomotive Miles		Car Miles	
	1939	1938	1939	1938	1939	1938
Locomotive Drawn.....	1,082,573	707,008	1,420,352	933,255	2,554,386	1,589,189
Motor Unit Cars.....	146	125	—	—	228	125
TOTAL.....	1,082,719	707,133	1,420,352	933,255	2,554,614	1,589,314

STATISTICS OF RAIL-LINE OPERATION

	1939	1938
Average mileage of road operated.....	23,668.42	23,683.77
TON-MILES—TRAIN-HOURS IN ROAD SERVICE:		
Gross ton-miles of cars, contents and cabooses.....	44,792,812,922	39,332,375,399
Net ton-miles of freight (revenue and non-revenue).....	19,080,898,016	16,064,687,143
Train-hours in freight road service.....	1,795,673	1,684,246
REVENUE TRAFFIC:		
Tons of freight carried.....	45,691,284	40,577,666
Ton-miles—Revenue freight.....	17,084,258,927	14,505,234,204
Freight revenue.....	\$160,255,090	\$139,769,682
Passengers carried.....	10,144,749	10,289,000
Passenger-miles.....	875,418,448	891,594,706
Passenger revenue.....	\$ 17,817,119	\$ 18,096,849
AVERAGES:		
Miles per revenue ton.....	373.91	357.47
Miles per revenue passenger.....	86.29	86.66
Revenue per ton-mile.....	\$0.00938	\$0.00964
Revenue per passenger-mile.....	\$0.02035	\$0.02030
Revenue per ton.....	\$3.50734	\$3.44450
Revenue per passenger.....	\$1.75629	\$1.75885
AVERAGE PER MILE OF ROAD:		
Ton-miles—Revenue freight.....	718,554	609,720
Ton-miles—All freight.....	806,175	678,299
Passenger-miles—Revenue.....	36,987	37,646
Gross Revenue.....	\$8,611	\$7,695
Gross Expenses (including Taxes, Equipment and Joint Facility Rents).....	\$8,086	\$7,785
Net Railway operating income.....	\$525.53	\$ 90

EMPLOYEES AND THEIR COMPENSATION

	1939	1938	Increase	% Increase
*Average Number of Employees.....	78,129	74,953	3,176	4.24
*Total Payroll.....	\$122,354,101	\$116,526,108	\$5,827,993	5.00
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.				

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar		Operating Expense Dollar	
	1939	1938	1939	1938
Labour.....	.5519	.5919	.6148	.6123
Fuel.....	.0845	.0914	.0941	.0946
Other Expenses.....	.2613	.2834	.2911	.2931
Total Operating Expenses.....	.8977	.9667	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.1023	.0333	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00
Maintenance of Way Accounts.....	.1792	.1854	.1997	.1918
Maintenance of Equipment Accounts.....	.2093	.2287	.2332	.2366
Traffic Accounts.....	.0254	.0282	.0283	.0291
Transportation Accounts.....	.4359	.4728	.4855	.4891
Miscellaneous Accounts.....	.0064	.0069	.0071	.0072
General Accounts.....	.0440	.0469	.0490	.0485
Transportation for Investment—Credit.....	.0025	.0022	.0028	.0023
Total Operating Expenses.....	.8977	.9667	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.1023	.0333	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

OPERATED MILEAGE, DECEMBER 31st, 1939

Territory	Mileage Owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights				Total Operated Road Mileage				Spurs Sidings and Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	
Atlantic Region.....	3,011.66	48.24			6.41		82.95				3,101.02	48.24			810.92
Central Region.....	7,242.70	713.87	15.91	9.82	337.32	9.31	29.72	25.17	2.13	4.10	7,609.74	748.35	18.04	13.92	2,509.99
Western Region.....	11,095.74	89.58			383.65	4.29	56.24	23.07			11,535.63	116.94			2,539.71
Grand Trunk Western Lines.....	905.79	363.18	10.62		60.06		62.66	6.33	1.36	0.99	1,028.51	369.51	11.98	0.99	829.36
Central Vermont Lines	237.90	0.63			125.18	0.03	58.73	32.75			421.81	33.41			163.59
*Total Mileage.....	22,493.79	1,215.50	26.53	9.82	912.62	13.63	290.30	87.32	3.49	5.09	23,696.71	1,316.45	30.02	14.91	6,853.57
Lines in Canada.....	21,119.09	851.12	15.91	9.82	570.63	12.49	164.52	44.80	2.13	4.10	21,854.24	908.41	18.04	13.92	5,699.62
Lines in United States	1,374.70	364.38	10.62		341.99	1.14	125.78	42.52	1.36	0.99	1,842.47	408.04	11.98	0.99	1,153.95

*Separately Operated Lines (Steam and Electric) not included.



